

DRAFT

WATER/FLC/PTL/KKE/jlj

AGENDA ITEM #4689

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

WATER DIVISION

RESOLUTION NO. W-4544

June 30, 2005

R E S O L U T I O N

**(RES. W-4544), BASS LAKE WATER COMPANY (BLWC).
ORDER AUTHORIZING A GENERAL RATE INCREASE
PRODUCING ADDITIONAL ANNUAL REVENUE OF
\$194,975 OR 63.16% IN TEST YEAR 2004.**

SUMMARY

By Draft Advice Letter, filed on May 17, 2004, BLWC seeks an increase in its rates for water service to recover increased expenses of operation, receive authorization for major water quality improvements mandated by the Department of Health Services (DHS) and earn an adequate return on its plant investment. The Division accepted this application as complete for filing on July 7, 2004.

For Test Year 2004, this resolution grants an increase in gross annual revenues of \$194,975 or 63.16%, estimated to provide a rate of margin of 24.00%. This resolution also recognizes a Consumer Price Index (CPI) inflation expense increase of 3.3% for 2005.

BACKGROUND

BLWC, a Class C water utility, has requested authority under §VI of General Order 96-A and §454 of the Public Utilities Code to increase its water rates by \$193,760 or 62.25% for Test Year 2004. The purpose of the rate increase is to recover increased operating expenses and to provide an adequate rate of return. BLWC'S request shows gross revenues of \$311,241 at present rates increasing to

\$505,001 at the proposed rates. BLWC is requesting a return-on-ratebase of 12.50%.

The last general rate increase was granted on January 17, 2000, pursuant to Res. W-4185, which authorized a rate increase of \$66,025 or 32.70% in Test Year 1999 with a 12.50% rate of return. The Pines Resort of California, a California Corporation, owns one hundred percent of the outstanding shares (4,910).

BLWC currently serves 1,022 customers (977 flat rate and 45 metered – a Class C water utility) and is located at Bass Lake, Madera County. The water utility serves an unincorporated community consisting of permanent residential, rental homes, and commercial development in a lake resort setting. The sources of supply for the BLWC system include surface and groundwater. The primary source, surface water, comes from Willow Creek and the groundwater sources supplement supply during the peak demand in summer months. The system has four active wells plus one standby source (the School Road Well). The School Road Well is a standby source due to uranium contamination about four times the maximum contamination levels (MCL) of 20 picocuries per liter (pCi/L).

The distribution system includes six storage tanks that provide a total of about 1.2 million gallons of treated water storage. Water is distributed through a combination of galvanized steel and PVC pipes.

According to the DHS, the water quality is satisfactory.

DISCUSSION

The Division made an independent analysis of BLWC's summary of earnings and issued its report in March 2005. Appendix A shows BLWC's and the Division's estimates of the summary of earnings at present, requested, and recommended rates. Appendix A also shows differences in BLWC's and the Division's estimates in operating revenues, expenses, and rate base. BLWC reviewed the Division's report and accepted the Division's estimates and recommendations.

The Division staff audited operating expenses, including salaries and contracting fees, insurance expenses, income and other taxes. Staff verified the operating expenses by reviewing supporting documents for accuracy, and included those expenses that were deemed reasonable and prudent.

The major differences in expenses were in the following: 1) Insurance and 2) Rate of Return percentage. There is a major water quality improvement project mandated by DHS.

INSURANCE - The utility requested \$38,000, about eight times the last authorized amount. Based on a formula supplied by BLWC's insurance company, the policy also insures other investments, including the Pines Resort, and not just the water utility. The Division adjusted the estimate to \$35,600.

RATE OF RETURN – The company requested a rate of return (ROR) of 12.50% The Division's Audit & Compliance Branch (ACB) each year conducts analyses of the financial market changes and the high operational risks faced by both Class C and D water companies. For TY 2004, ACB determined for Class C water utilities, the appropriate range for Return on Equity (ROE) within the range of 11.65% – 12.65%.

WATER QUALITY IMPROVEMENTS – BLWC discussed the water quality concerns revolving around its raw water intake line resulting in source capacity problems. As DHS explains:

“The system has been identified as having a source capacity problem along with a well with uranium concentrations above the allowed MCLs [Maximum Contamination Levels]. They have an engineering challenge to replace the raw water pipeline that was installed in an era when the environmental impacts were not an issue. The terrain is steep and not amenable to normal construction practices. So they are looking at different engineering options to relocate the plant and financing the costs associated with it. The technology also has changed to where there are more treatment options that fit their water quality...[W]e feel the completion date [2007] is reasonable.”

The BLWC's 2005 feasibility study recommends a new treatment plant plus a new intake location at an estimated cost of \$3.03 million.

Once the utility increases its ratebase by more than \$84,000, the rate of return of 12.15% will garner a higher profit than the rate of margin method authorized today using its expenses to determine profit instead of a return on its investment (based on similar expenses). With an investment of over three million dollars for its water quality improvements mandated by the DHS, BLWC will require a new rate structure to reflect a rate of return on investment instead of a the rate of margin.

To prevent rate shock, BLWC should submit advice letter filings for incremental ratebase offset rate increases as portions of the project become used and useful and when such calculations mandate a higher profit than the operating ratio formula. The utility shall send to the Commission construction status updates with its annual report. The utility is confident it will meet the DHS imposed deadline of 2007 for completion of the project.

REVENUE REQUIREMENTS - In Decision (D.) 92-03-093, effective April 30, 1992, the Commission adopted the operating ratio method of ratemaking as an alternative to the rate of return method on rate base for Class C and D utilities. Ordering Paragraph 8 of D.92-03-092 states:

“Division is directed to calculate rates using both return-on-rate base and operating ratio methods of ratemaking for Class C and Class D water companies requesting new rates and to recommend to the Commission the rate method that produces the higher results.”

Res. W-4524, dated March 17, 2005, further defined this method. When applying the rate of margin, the utility's expenses are defined as the sum of its operating and maintenance expenses, depreciation expense, taxes other than income, and operating margin percentage. Mandated in Res. W-4524, the rate of margin for Class C utilities in TY 2004 is 24.00%. The Division's estimate of BLWC's revenue requirement using the operating ratio method is \$503,689.

BLWC'S current rate structure consists of two rate schedules – No. 1, Annual Metered Service, and No. 2, Annual Residential Flat Rate Service. The new rate schedules are included in Appendix B.

At the Division's recommended rates, BLWC's monthly bill for a 3/4-inch metered residential customer using an average of 12 Ccf would increase from \$17.98 to \$29.47 per month, an increase of \$11.49 or 63.92%; and for a three-quarter inch flat rate the monthly charge of \$23.48 will increase to \$38.29 an increase of \$14.81 or 63.06%. Shown in Appendix C is a comparison of customer bills at present and recommended GRC rates. These rates were then adjusted to reflect the 3.3% CPI inflation increase for 2005. The adopted tax calculations are shown in Appendix D.

NOTICE AND PROTEST

In order to promote greater ratepayer awareness during the rate increase process, a public meeting was held to afford customers the opportunity to be heard and to ask questions about the proposed increase and the approval process. A field visit to review BLWC's expenses and other quantities and to inspect its facilities was conducted by the Division staff with the BLWC President, system supervisor, and administrative accountant.

A notice of the proposed rate increase was mailed to each customer on or before August 1, 2004. On August 31, 2004, a public meeting was held at 54432 Road 432 in Bass Lake, California, in Lakeview Room A of the Pines Resort, located within BLWC's service area. The Division's representative explained the Commission rate-setting procedures and BLWC's representative explained the need for the rate increase and the need for new facilities. Thirty customers attended the meeting and while some expressed a concern for the increasing rates, none of the customers expressed dissatisfaction with the quality or quantity of water, nor with the utility's service.

The Division received one complaint letter from a ratepayer in regards to the uranium found in the School Road Well. Branch spoke with this ratepayer. In consultation with the Fresno office of the DHS, this ratepayer was reassured that

the problems associated with the uranium contamination are closely watched by the DHS and the utility. Use of this standby well is limited to only a few days a year and the well water is mixed with other sources so that the maximum contaminant level (MCL) is not reached.

COMPLIANCE

BLWC files its Annual Reports regularly. According to the Division's compliance unit, BLWC has no outstanding or pending compliance items.

BLWC generally conforms to G.O. 103 standards. According to the Fresno office of the DHS, the utility currently meets all applicable water quality standards.

While DHS recognizes certain long-term needs of the utility, the day-to-day operation of the utility is deemed optimal.

According to the Division's tariff unit, the following tariff sheets must be updated and/or added: Title Page; Schedules UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee; and LC, Late Payment Charge; Rules 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 19, Service to Separate Premises and Multiple Units, and Resale of Water; and Forms 2, Customer's Deposit Receipt, and 3, Bill for Service. The utility also updated its tariff sheets to include establishment of a late charge, returned check charge and charge for reconnection of service that was turned off for nonpayment.

FINANCE CHARGES The utility began its own system of finance charges in 2002, without Commission approval and not in a form acceptable to the Commission's standards. Money collected as finance charges since 2002 are: \$124.31 in 2002; \$826.36 in 2003; and \$587.07 for 2004, for a total of \$1,537.74. According to BLWC,

“Our terms are net two months. When a customer hasn't paid their bill after 15 days, we charge them 1.5% on the unpaid balance.”

Currently, BLWC has no tariff sheet authorizing any type of late charge. Therefore, the company shall refund the \$1,537.74 with interest at the 90-day commercial paper interest rate.

The company instituted its own method for damages incurred by NSF (non-sufficient funds) checks sent to BLWC by its customers to pay their water bills. BLWC's tariff sheets do not include the authorization for charging of NSF checks or late payments. If its tariff book were up to date, (specifically Rule 9 B 1) and the utility had followed Res. W-4035, dated April 9, 1997, BLWC would have had the authorization to remedy both late payments and “bounced” checks.

FINDINGS

1. The summary of earnings (Appendix A) developed by the Division is reasonable and should be adopted.
2. The rates proposed by the Division (Appendix B) are reasonable and should be adopted.
3. The quantities (Appendix D) used in preparation of this report are reasonable and should be adopted.
4. BLWC should send progress reports included with its Annual Report through completion of the intake project.
5. The GRC rates should be adjusted to the CPI increase of 3.3% for 2005.
6. The funds collected for NSF checks and funds collected for late payments must be refunded appropriately. Any amount of money that cannot be returned to the customers because of unknown forwarding address will be remitted to the State of California. The following tariff sheets must be updated and/or added: Title Page; Schedules UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee; and LC, Late Payment Charge; Rules 3, Application for Service; 5, Special Information Required on Forms; 7,

Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 19, Service to Separate Premises and Multiple Units, and Resale of Water; and Forms 2, Customer's Deposit Receipt; and 3, Bill for Service, with a completion date of 90 days.

7. This is an uncontested matter subject to the public notice comment exclusion provided in the Public Utilities Code Section 311 (g) (13).
8. There are no outstanding Commission orders.
9. The utility has been filing annual reports as required.
10. The utility has been filing annual reports as required.

THEREFORE IT IS ORDERED THAT:

1. Authority is granted under Public Utilities Code §454 to Bass Lake Water Company to file an advice letter incorporating the summary of earnings and the revised rate schedules attached to this resolution as Appendices A and B, respectively, and concurrently cancel its presently effective rate schedules No. 1, Annual Metered Service, and 2, Annual Residential Flat Rate Service. The effective date of the revised schedules shall be five days after the date of filing.
2. Bass Lake Water Company is authorized to increase its annual revenues by \$194,975 or 63.16%, based on reasonable rates for 2004.
3. Bass Lake Water Company is authorized to file advice letters to cover the cost of improvements after the plant is used and useful. The list of plant improvements are as follows:
 - a. Cost of new intake and either a new or expanded treatment plant;
 - b. Costs associated with new water quality treatment issues due to new plant and as determined by DHS;
 - c. Costs associated with obtaining right-of-way requirements from various groups and/or other property issues from the following: California Department of Fish and Game, United States Forest Service, DHS, Pacific Gas & Electric Company, and Madera County.

4. Bass Lake Water Company shall send progress reports included with its Annual Report through completion of the intake project and if appropriate, request rate base offset rate increases to the Commission.
5. Bass Lake Water Company is authorized to add an additional 3.3% to the reasonable rates established in Ordering Paragraph No. 2 to adjust for inflation to 2005.
6. The funds collected by Bass Lake Water Company for NSF checks and funds collected for late payments must be refunded. Any funds that cannot be returned to the customers because of unknown address will be credited to its uncollectible account, i.e. reduce the uncollectible account by that amount.
7. The following tariff sheets shall be updated and/or added: Title Page; Schedules UF, Surcharge to Fund Public Utilities Commission Reimbursement Fee; and LC, Late Payment Charge; Rules 3, Application for Service; 5, Special Information Required on Forms; 7, Deposits; 9, Rendering and Payment of Bills; 10, Disputed Bills; 11, Discontinuance and Restoration of Service; 19, Service to Separate Premises and Multiple Units, and Resale of Water; and Forms 2, Customer's Deposit Receipt; and 3, Bill for Service, with a completion date of 90 days.
8. This resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on June 30, 2005; the following Commissioners voting favorably thereon:

STEVE LARSON
Executive Director

DRAFT
Appendix A
Bass Lake Water Company
Summary of Earnings
Test Year 2004

ITEM	UTILITY ESTIMATED		BRANCH ESTIMATED			ADOPTED
	Present rates	Requested	Present	Requested		
Operating Revenue						
Metered	33,957	55,095	35,435	55,095	56,753	57,815
Flat	273,279	443,395	273,279	443,395	437,687	445,874
other (erroneous category)	4,005	6,511		6,511		
Total Revenue	311,241	505,001	308,714	505,001	489,175	503,689
Operating Expenses						
Purchased Power	17,176	17,176	13,000	13,000	13,000	13,000
Other Vol. Related exp.	26,564	26,564	26,564	26,564	26,564	26,564
Materials	20,900	20,900	17,900	17,900	17,900	17,900
Contract Work	17,890	17,890	17,890	17,890	17,890	17,890
DHS fee (in General exp per BL)	0	0	728	728	728	728
Trans Expense	9,500	9,500	9,500	9,500	9,500	9,500
Other Plant Maint	0	0	0	0	0	0
Management Salaries	6,646	6,646	6,646	6,646	6,646	6,646
Employee Pensions & Benefits	18,565	18,565	18,565	18,565	18,565	18,565
Office Salaries	13,200	13,200	13,200	13,200	13,200	13,200
Employee labor	129,947	129,947	129,947	129,947	129,947	129,947
Ofc. Service and Rentals	10,800	10,800	10,800	10,800	10,800	10,800
Ofc. Supplies and Exp.	6,000	6,000	6,000	6,000	6,000	6,000
Professional Services	1,000	1,000	1,000	1,000	1,000	1,000
Insurance	38,000	38,000	36,500	36,500	36,500	36,500
Regulatory Expense	0	0	1,000	1,000	1,000	1,000
General Expense	4,000	4,000	4,000	4,000	4,000	4,000
Subtotal	320,188	320,188	313,240	313,240	313,240	313,240
ADD uncollectible	450	450	450	450	450	450
final subtotal	320,638	320,638	313,690	313,690	313,690	313,690
Depreciation Expense	39,537	39,537	39,537	39,537	39,537	39,537
Other than inc. tax	22,271	22,271	22,271	22,271	22,271	22,271
Income Taxes	800	40,619	800	42,241	\$33,753	\$38,071
Total Deductions	383,246	423,065	376,298	417,739	409,251	413,569
Net Revenue	(72,005)	81,936	(67,584)	87,262	79,924	90,120
Rate Base						
Average Plant	1,585,051	1,585,051	1,585,051	1,585,051	1,585,051	1,585,051
CWIP	17,345	17,345	17,345	17,345	17,345	17,345
Average Depr. Reserve	516,129	516,129	516,129	516,129	516,129	516,129
Net Plant	1,086,267	1,086,267	1,086,267	1,086,267	1,086,267	1,086,267
Less: Contributions/Advances	438,957	438,957	438,957	438,957	438,957	438,957
Plus: Working Cash	7,182	7,182	7,182	7,182	7,182	7,182
Plus: Material & Supplies	1,000	1,000	3,500	3,500	3,500	3,500
Rate Base	655,492	655,492	657,992	657,992	657,992	657,992
ROR = Net Rev/Rate Base	-10.98%	12.50%	-10.27%	13.26%	12.15%	
24% operating ratio						\$90,120

APPENDIX B

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Schedule No. 1

Bass Lake Water Company

ANNUAL METERED SERVICE

APPLICABILITY

Applicable to all metered water service furnished on an annual basis.

TERRITORY

The northwest shore of Bass Lake including the Falls and Bass Lake and vicinity,
Madera County.

RATES

Quantity Rate:

All Water, per 100 cu. ft.\$ 0.88 (I)

Annual Service Charge:

Per Meter
Per Year

For 5/8 x 3/4-inch meter.....	\$ 158.28	(I)
For 3/4-inch meter	237.42	
For 1-inch meter.....	395.70	
For 1-1/2-inch meter.....	791.40	
For 2-inch meter	1,226.23	
For 3-inch meter	2,374.20	
For 4-inch meter	7,913.95	(I)

The annual service charge is a readiness-to-serve charge which is applicable to all metered service and to which is added the monthly charge computed at the Quantity Rate.

APPENDIX B

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Schedule No. 1

(continued)

Bass Lake Water Company

ANNUAL METERED SERVICE

SDWBA Surcharge:

	<u>SDWBA Surcharge Per Meter Per Year</u>
For 5/8 x 3/4-inch meter	\$23.00
For 3/4-inch meter	34.50
For 1-inch meter	57.50
For 1.5-inch meter	115.00
For 2-inch meter	184.00
For 3-inch meter	345.00
For 4-inch meter	575.00

SPECIAL CONDITIONS

1. The SDWBA surcharge is in addition to the regular annual metered water bill. The total annual surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act Loan as authorized by Decision No. 84-04-046.
2. The annual service charge applies to service during the 12-month period commencing January 1, and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the calendar year, to pay prorated service charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods. Meters will be read and quantity charges billed monthly, bimonthly, or quarterly in accordance with the utility's established billing periods except that meters may be read and quantity charges billed during the winter seasons at given intervals greater than three months.

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Bass Lake Water Company

Schedule No. 1

(continued)

ANNUAL METERED SERVICE

SPECIAL CONDITIONS (continued)

3. The opening bill for metered service except upon conversion from flat rate service shall be the established annual service charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charged shall be due the customer.
4. All bills are subject to the reimbursement fee set forth on Schedule UF.
5. A one-time surcharge of \$10.66 to recover the consumer price index (CPI-U) increase for the calendar year 2004 will be added to the first bill after the effective date of the instant resolution. The charge is to primary connections only, and not to additional units.

(N)
|
|
(N)

APPENDIX B

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Bass Lake Water Company

Schedule No. 2

Annual Residential Flat Rate Service

APPLICABILITY

Applicable to all flat rate residential service furnished on an annual basis.

TERRITORY

The northwest shore of Bass Lake including the Falls and Bass Lake and vicinity,
Madera County.

RATES

	Per Service Connection <u>Per Year</u>	
For a single family resident unit		
For ¾-inch service	\$ 474.60	(I)
For 1-inch service.....	790.97	
For 1-1/4-inch service.....	1,582.04	
For 2-inch service	2,531.37	(I)
For each additional single-family unit on The same premises and served from the Same service connection	\$355.06	(I)

SDWBA Surcharge:

For each single family resident unit	
¾ inch service	\$ 34.50
1 inch service.....	57.50
1-1/4 inch service.....	115.00
2 inch service.....	184.00

APPENDIX B

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**Bass Lake Water Company
Schedule No. 2
(continued)**

ANNUAL RESIDENTIAL FLAT RATE SERVICE

SPECIAL CONDITIONS

1. The SDWBA surcharge is in addition to the regular annual metered water bill. The total annual surcharge must be identified on each bill. This surcharge is specifically for the repayment of the California Safe Drinking Water Bond Act Loan as authorized by Decision No. 84-04-046.
2. The annual service charge applies to service during the 12-month period commencing January 1, and is due in advance. If a permanent resident of the area has been a customer of the utility for at least 12 months, he or she may elect, at the beginning of the calendar year, to pay prorated service charges in advance at intervals of less than one year (monthly, bimonthly, or quarterly) in accordance with the utility's established billing periods. A non-permanent resident may elect to pay the annual charge in two equal installments. Where such a resident has failed to pay the first half of the annual charge due January 1, service will not be restored until the total annual charge has been paid.
3. The opening bill for flat rate service shall be the established annual flat rate charge for the service. Where initial service is established after the first day of any year, the portion of such annual charge applicable to the current year shall be determined by multiplying the annual charge by one three-hundred-sixty-fifth ($1/365$) of the number of days remaining in the calendar year. The balance of the payment of the initial annual charge shall be credited against the charges for the succeeding annual period. If service is not continued for at least one year after the date of initial service, no refund of the initial annual charges shall be due the customer.
4. Meters may be installed at the option of the utility, and customers will be charged at the General Metered Service Rate thereafter.
5. A one-time surcharge of \$10.66 to recover the Consumer Price Index (CPI-U) increase for the calendar year 2004 will be added to the first bill after the effective date of the instant resolution. The charge is to primary connections only, and not to additional units. (N)
|
|
(N)
6. All bills are subject to the reimbursement fee set forth on Schedule UF.

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Schedule No. LC

LATE PAYMENT CHARGE

APPLICABILITY

Applicable to all flat rate residential service furnished on an annual basis and applicable to all metered water service furnished on an annual basis.

TERRITORY

The northwest shore of Bass Lake including the Falls and Bass Lake and vicinity, Madera County.

RATES

Late Charge: A late charge of \$5.00 on unpaid balance subject to special conditions below.

SPECIAL CONDITIONS

1. The balance is and subject to a late charge if the bill is past due, or delinquent, as defined in Rule No. 11, Section B.1.a. This will always provide at least 19 days to pay the bill and avoid the late charge.
2. The late charge should be imposed only once on a delinquent bill since the account would be shut off before a subsequent bill and then subject to the reconnection fee as authorized by Tariff Rule 11.
3. All bills shall be subject to the reimbursement fee as set forth on Schedule UF.

APPENDIX C

COMPARISON OF RATES

Bass Lake Water Company

			Per Service Connection Per Year	
			Present Rates	% Increase
			\$\$	
Metered Rate Service				
Service Charge:				
5/8 x 3/4-inch meter			93.31	63.16
3/4 - inch meter			140.87	63.16
1-inch meter			234.78	63.16
1 1/2 - inch meter			469.56	63.16
2-inch meter			751.29	63.16
3-inch meter			1,408.67	63.16
4-inch meter			4,695.55	63.16
Flat Rate Service				
3/4 inch meter			281.73	63.08
1 inch meter			469.56	63.07
1-1/4 inch meter			939.11	63.08
2 inch meter			1502.58	63.09
Additional connection on same premise			210.78	63.07
Quantity Charge				
All water, per 100 cu.ft.			0.52	63.16%
A monthly comparison bill for a customer with a 3/4 -inch meter is shown below:				
Monthly Usage100 cu. ft.	Present Bills	Recommended Bills	Amount Increase	% Increase
0	\$11.74	\$19.15	\$7.41	63.15
5	14.34	23.76	9.42	63.69
10	16.94	27.75	10.81	63.83
12	17.98	29.47	11.49	63.92
15	19.54	32.05	12.51	63.04
20	22.14	36.35	14.21	63.20
A monthly comparison bill for flat rate customers is shown below:				
Connection type.	Present Bills	Recommended Bills	Amount Increase	% Increase
3/4-inch	23.48	38.29	14.81	63.06
1 1/4-inch	78.26	127.63	49.37	63.08
Additional	17.57	28.64	11.07	63.02

APPENDIX D

Page 1

Bass Lake Water Company

ADOPTED QUANTITIES

Test Year 2004

Taxes

Federal Tax Rate (composite)	24.12%
State Tax Rate	8.84%
Ad Valorem Taxes	
Tax Rates	1.045790%
Assessed Value	\$717,544
Total	\$7,504

Payroll

Management Salary	\$6,646
Contract Labor	\$17,890
Labor	\$129,947

PG&E rates and kWh

Schedule A-P10

Summer Rates	\$0.200
Winter Rates	\$0.151
kWh	93,265

APPENDIX D
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ADOPTED QUANTITIES

Bass Lake Water Company
Test Year 2004

Service Connections

Metered Rate:

¾-inch	22
1-inch	8
1.5-inch	4
2-inch	10
4-inch	<u>1</u>
Total metered.....	45

Metered water sales used to design rates..... **31,482 Ccf**

Flat rate connections..... 977

Adopted Tax Calculations

2004 Test Year

L i n e	Item	State Tax	Federal Tax
1.	Operating Revenues	\$503,689	\$492,772
2.	Expenses	313,690	313,690
3.	Taxes other than Income	22,271	22,271
4.	Depreciation Expense	39,537	39,837
5.	Taxable Income for State Tax	123,491	
6.	State Tax	10,917	
7.	Taxable Income for FIT		112,574
8.	Federal Income Tax		27,154
9.	Total Income Taxes		38,071